

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6424

BILL NUMBER: HB 1181

NOTE PREPARED: Dec 18, 2012

BILL AMENDED:

SUBJECT: Owen Circuit Court.

FIRST AUTHOR: Rep. Heaton

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

- A. It adds a second judge to the Owen Circuit Court, and establishes a unified circuit court in Owen County with two judges as of January 1, 2015.
- B. It permits the Owen Circuit Court a court administrator subject to the budget approved for the circuit court by Owen County's fiscal body.

(The introduced version of this bill was prepared by the Commission on Courts.)

Effective Date: July 1, 2013.

Explanation of State Expenditures: *Summary-* The added expenditures for the state General Fund would begin on January 1, 2015. The following table shows a projection of the expenditures based on FY 2013 salary and benefit costs and assumes salaries and benefits are not increased after FY 2013.

Provision	Effective Date	FY 2015	FY 2016	FY 2017
Owen Circuit Court Judge	1-Jan-2015	\$95,716	\$191,432	\$191,432
less: Small Claims Referee*		<u>\$45,338</u>	<u>\$90,677</u>	<u>\$90,677</u>
Net Expenditure		<u>\$50,378</u>	<u>\$100,755</u>	<u>\$100,755</u>
* See explanation about small claims referee				

Background Information- The salaries of circuit and superior court judges can be adjusted each year by one of two methods:

- The General Assembly could increase the amount specified in statute.
- If the General Assembly does not increase the salary of judges by a nominal amount, then under IC 33-38-5-8.1, salaries of judicial officers can be adjusted by the amount that executive staff salaries in the same salary level are increased and the Chief Justice of the Indiana Supreme Court approves the increase.

State expenditures associated with these new court officers also depend on the costs of fringe benefits for state employees. While most of the benefits are based on a percentage of the salaries of the employee, the costs of medical insurance for the persons filling these new positions will depend on future decisions of the executive branch. The extent to which the state would pass along any increase in health insurance costs to employees is unknown.

The following table shows estimates of the total compensation (base salary and fringe benefits) of judges during FY 2013. Future salary increases will depend on legislative or administrative actions (see IC 33-38-5-8.1).

Salaries and Benefits for Judges and Magistrates (FY 2013)		
<u>Benefits</u>	<u>Judges</u>	<u>Small Claims Referee</u>
Salary	\$130,080	\$64,200
Life Insurance	\$169	\$83
Indiana Judicial Conference	\$1,000	\$1,000
Social Security	\$9,951	\$4,911
Disability Insurance	\$2,276	\$1,124
Retirement (see note)	\$36,751	\$8,153
Health, Dental, and Vision (blended rate)	\$11,205	\$11,205
Total Cost Per Judicial Officer	<u>\$191,432</u>	<u>\$90,677</u>

Note About Retirement Costs – The normal cost of each active member less the member’s contribution (6% of payroll) was used to calculate the annual pension costs of judges and magistrates. Normal cost is defined as the present value of benefits accruing for a particular plan year. Between 2006 and 2012, normal cost per active member for the plan increased by 96%. This is due, in part, including increases in retirement and disability benefits.

Note About Small Claims Referee – Currently Owen County appoints a state-paid small claims referee under the Indiana Supreme Court’s Small Claims Rule 14. This rule permits counties in which the circuit court judge is the *only judge in the county* to appoint a small claims referee. In Owen County the small claims referee is paid \$64,200 by the state. It is assumed that this small claims referee will no longer be appointed once the new court’s term begins on January 1, 2015, since both will share the small claims docket.

The net expenditures to the state General Fund for appointing a circuit court judge and eliminating the small claims referee is \$100,755 (salary and benefits of a judge (\$191,432) less salary and benefits of a small claims referee (\$90,677).

Explanation of State Revenues:

Explanation of Local Expenditures: This bill also permits the judges of the Owen Circuit Court to appoint a court administrator that would be subject to the approval of Owen County's fiscal body. Any added costs would be based on what the county's fiscal body decides. Depending on the court's current capacity, Owen County may also need to add county-paid court reporters, bailiffs, and clerical staff.

Explanation of Local Revenues:

State Agencies Affected: Office of State Court Administration; Indiana Judicial Center.

Local Agencies Affected: Owen Circuit Court; Owen County Council.

Information Sources: Division of State Court Administration; Judges Retirement Fund; Department of Personnel.

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